

# Universities and Financial Aid

Michigan's 15 state universities offer diverse vocational, undergraduate, graduate, and professional programs and undertake basic and applied research activities to broaden knowledge and benefit society. Each university is governed by an independent board, which provides general supervision of the institution and directs its finances. State appropriations provide operations funding for Michigan's 15 public universities and also fund state student financial aid programs. Student financial aid programs provide both merit and need-based financial assistance to increase the educational opportunities available to postsecondary education students. State funding also supports the Agricultural Experiment Station, Cooperative Extension Service, and Project GREEN programs operated by Michigan State University that benefit the agricultural industry.

---

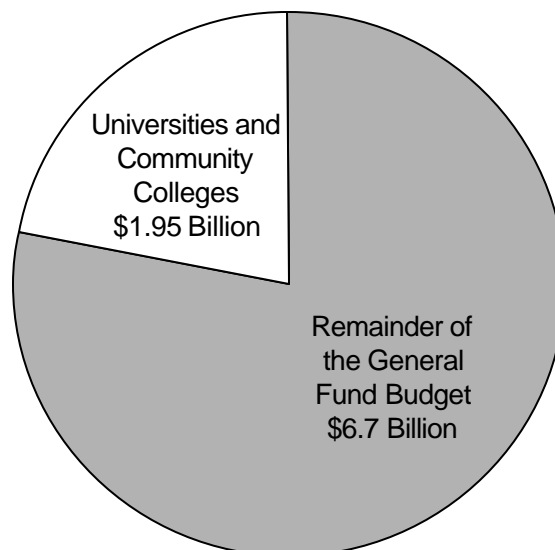
*"The truth is our Michigan universities are extraordinary....They multiply possibilities for us as individuals and for our economy. It's their excellence that makes access to their classrooms so vital."*

**Governor Granholm, State of the State Message, January 27, 2004**

---

The Governor's proposed budget for fiscal year 2005 recommends total funding of \$1.63 billion, of which \$1.54 billion is general fund. In addition, the Capital Outlay budget provides funding of \$112.0 million for State Building Authority rent obligations for university buildings constructed in recent years.

## Higher Education Spending as a Percent of Total General Fund Spending



*Over 22 percent of the state budget supports higher education*

## Universities and Financial Aid Budget Highlights

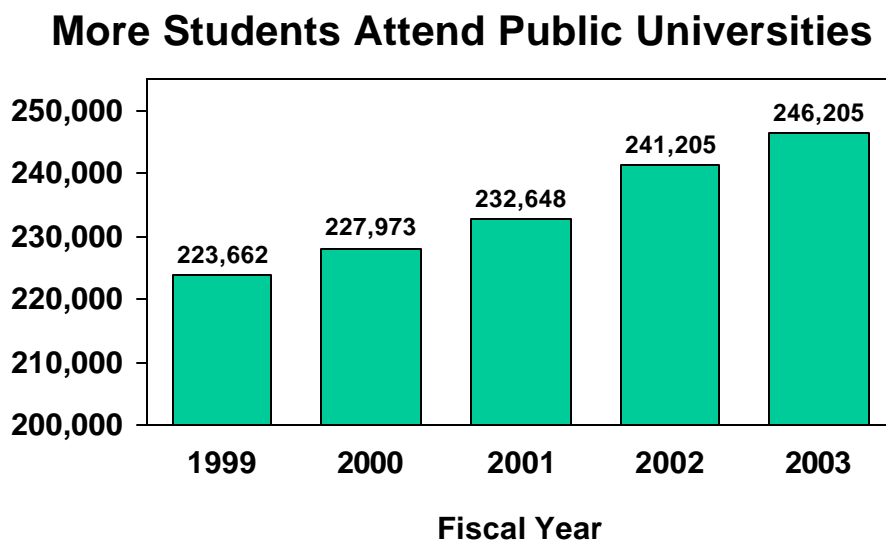
- ◆ The fiscal year 2005 budget includes over \$1.4 billion in direct aid for public universities.
- ◆ Tuition levels must be kept low in order to make college affordable for all who enroll. In December 2003, the Governor and the Legislature agreed to a current year spending reduction plan that reduced university spending by 5 percent. Those universities that pledge not to increase tuition and fees for the remainder of this academic year, and not to increase 2004-2005 tuition and fees above inflation, will have 3 percent of their base funding restored. Funding for those universities that raise tuition above inflation, on the other hand, will be reduced by another 3 percent.
- ◆ In addition to the direct support for university operations, the state will subsidize pension contribution rates charged to the 7 universities with employees covered under the Michigan Public School Employees Retirement System. This action results in a savings of \$6.4 million in retirement costs that otherwise would be charged to these universities.
- ◆ Michigan Merit Award funding is recommended at \$67.0 million. Over 195,000 students have qualified for a Michigan Merit Award scholarship since the program began in 2000. The fiscal year 2005 funding pays for first year awards for high school students who will graduate in 2004, as well as for students from earlier graduating classes. The Governor also proposes the elimination of the Michigan Merit Award supplement, scheduled to begin for the class of 2005, for results achieved on the middle school MEAP tests, and adds a community service requirement beginning with the high school graduating class of 2005.

FY 2005 University Funding	(\$ in Thousands)	
	Operations	Tuition Restraint
Central Michigan University	\$75,018.3	\$4,892.6
Eastern Michigan University	72,563.4	4,732.4
Ferris State University	45,970.8	2,998.0
Grand Valley State University	54,358.9	3,545.2
Lake Superior State University	11,814.4	770.6
Michigan State University	269,913.0	17,603.0
Michigan Technological University	45,740.0	2,983.0
Northern Michigan University	43,066.6	2,808.6
Oakland University	45,160.9	2,945.2
Saginaw Valley State University	24,539.8	1,600.4
University of Michigan - Ann Arbor	301,029.6	19,632.4
University of Michigan - Dearborn	23,178.4	1,511.6
University of Michigan - Flint	19,928.4	1,299.6
Wayne State University	210,017.5	13,696.8
Western Michigan University	104,060.5	6,786.6
<b>Total</b>	<b>\$1,346,360.5</b>	<b>\$87,806.0</b>

- ◆ Funding for the Tuition Grant program that provides aid to college students attending private colleges and universities is eliminated, saving nearly \$64.8 million. Michigan can no longer afford to subsidize attendance at private colleges. Even after this reduction, total funding of over \$130.0 million will be available for student financial aid grants and scholarships. For example, the Governor's budget includes continuation

funding for the State Competitive Scholarship (\$35.6 million), Michigan Work-Study (\$7.3 million), Nursing Scholarship (\$4.0 million), Part-Time Independent Student (\$2.6 million), Michigan Education Opportunity Grants (\$2.1 million), and Byrd Honors Scholarship (\$1.5 million). Nearly all of these grants and scholarships are available to students who attend both public and private colleges and universities.

- ◆ The Tuition Incentive Program (TIP) encourages low-income Medicaid-eligible students to finish high school by providing financial assistance to attend college. TIP eligibility is certified before the student graduates from high school in order to encourage high school completion. Funding for the program is recommended at \$10.3 million, an increase of \$1.0 million, responding to the growth in TIP participation and higher tuition costs.
- ◆ The budget includes \$32.2 million for the Agricultural Experiment Station and \$27.7 million for the Cooperative Extension Service operated through Michigan State University. Included in these allocations is \$5.4 million for Project GREEN, which is an initiative to address regulatory, food safety, economic, and environmental problems that challenge plant-based agricultural industries. This funding reflects a 3 percent reduction in support for these programs.
- ◆ The recommended budget includes continuation funding of \$4.5 million for the University of Detroit Mercy dental school, to support dental clinics in southeast Michigan that provide care for low income residents.
- ◆ The Martin Luther King, Jr. – Cesar Chavez – Rosa Parks grants encourage participation of minority students in postsecondary education and are funded at \$2.7 million, the same amount as provided in the current year.



*Full-time student enrollment has increased 10% since 1999*

**Fiscal Year 2005 Governor's Recommendation  
Higher Education - Universities and Financial Aid  
(\$ in Thousands)**

	<b>FY03 Appropriation</b>	<b>FY04 Current Law*</b>	<b>FY05 Recommended*</b>
GF/GP	\$1,741,466.9	\$1,603,335.5	\$1,536,714.4
All Funds	\$1,844,901.7	\$1,697,566.2	\$1,631,964.4
	% Change - GF/GP	-7.9%	-4.2%
	% Change - All Funds	-8.0%	-3.9%

<b>Program</b>	<b>GF/GP</b>	<b>All Funds</b>
<b>State Universities</b>		
Operations	\$1,336,860.5	\$1,346,360.5
Tuition Restraint Incentive Funding	\$87,806.0	\$87,806.0
<b>Student Financial Aid Programs</b>		
Michigan Merit Award Program	\$0.0	\$67,000.0
State Competitive Scholarships	\$32,630.5	\$35,630.5
Tuition Incentive Program	\$0.0	\$10,250.0
Michigan Work Study Program	\$7,326.3	\$7,326.3
Nursing Scholarship Program	\$0.0	\$4,000.0
Part-time Independent Student Program	\$2,653.3	\$2,653.3
Michigan Education Opportunity Grants	\$2,084.2	\$2,084.2
Byrd Honors Scholarship Program	\$0.0	\$1,500.0
<b>Other</b>		
Agriculture Experiment Station	\$32,168.9	\$32,168.9
Cooperative Extension Service	\$27,746.2	\$27,746.2
Dental Clinics Grant	\$4,547.0	\$4,547.0
King-Chavez-Parks Programs	\$2,691.5	\$2,691.5
Higher Education Database	\$200.0	\$200.0
* Assumes all universities are eligible to receive tuition restraint incentive funding.		
<b>Total FY 2005 Recommendation</b>	<b>\$1,536,714.4</b>	<b>\$1,631,964.4</b>